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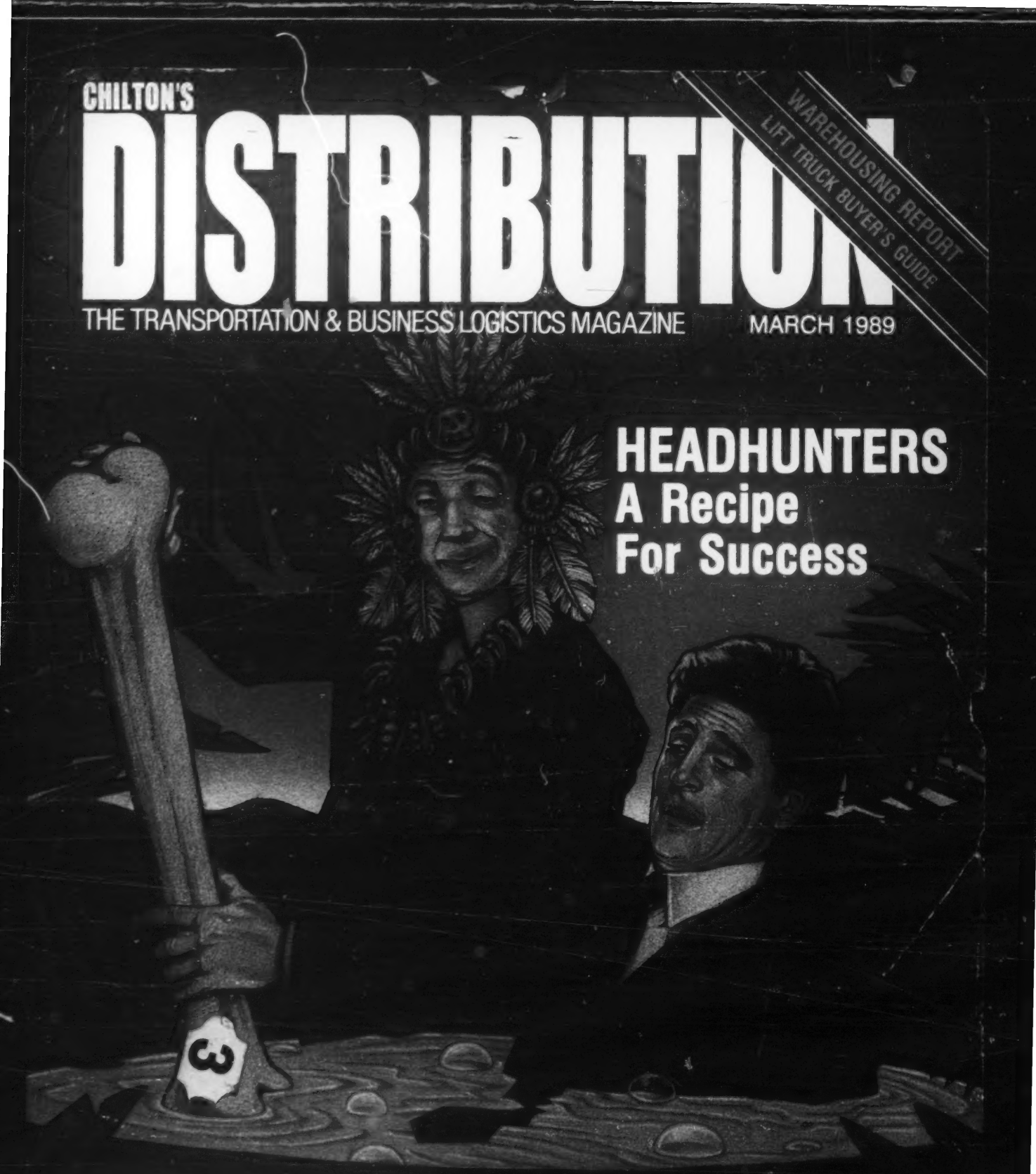

HEADHUNTERS
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JIT FOR EVERYONE

VAN LINES DIVERSIFY

FREE UP YOUR FREIGHT DOLLARS

MARCH 1989

CHILTON'S
DISTRIBUTION
THE TRANSPORTATION & BUSINESS LOGISTICS MAGAZINE

VOL. 88, NO. 3

COVER STORY

30 HEADHUNTER HINTS

If you're in the logistics field and looking for more money, a better corporate environment, or a more challenging career climb, how do you infiltrate the job placement network? There's really only one surefire way. Have what the industry is looking for, and make sure they know it. Here are some tips that could land you the job you've always wanted.

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EDITORIAL STAFF

THOMAS A. FOSTER, ESQ. – Editorial Director
(215) 964-4379

JAY GORDON – Managing Editor
(215) 964-4385

E.J. MULLER – Senior Editor (West Coast)
(415) 387-0275

THERESA M. STELTZER – Senior Editor
(215) 964-4381

ANNETTE FREEMAN – Associate Editor
(215) 964-4387

EMILY BARR – Production Manager
(215) 964-4384

CONTRIBUTING EDITORS

JOSEPH V. BARKS (215) 964-4385
JOHN BETZ (303) 422-4959
ROBERT J. BOWMAN (415) 752-4884
KURT HOFFMAN (301) 762-8250
STANLEY HOFFMAN (203) 790-4195
S. JAMES SEEDS (312) 559-2990
ROBERT VIDRICK (804) 740-3933
WALLY WEART (312) 307-8808
SY ZIVAN (716) 423-3643

FOREIGN CORRESPONDENTS

LYNN HURLBERT – Latin America
ANDREW TAUSZ – Canada
HANS VAN DER HOOP – Europe

EDITORIAL ADVISORY BOARD

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VAN LINES SEEK NEW PROFIT OPPORTUNITIES

With the traditional household goods market slumping, van lines are diversifying to remain competitive. They're banking on a reputation for specialized care and faster, on-time delivery.

By Robert Bowman, Contributing Editor

Van lines may be the Cadillacs of the trucking industry, but they aren't immune to the ravages of deregulation. Since 1980 they have been coping with the same problems that bedevil common carriers: rate slashing, increased competition, growing demands for service, and the rising cost of insurance and equipment.

It's no surprise that interstate van lines are eagerly seeking new profit opportunities. "There's been a slump in the traditional household goods market," says Melinda Ulrich, marketing manager of American Red Ball Transit. Even carriers reporting improved results admit that growth is marginal in a mature business. With a sluggish housing market, severe discounting and an unpredictable customer base, there's only one prescription for survival: diversify.

The biggest players have been doing just that for years, and in many cases, long before deregulation. North American Van Lines has been hauling electronics and exhibit materials for 25 years, according to Brent Meyers, director of marketing for the carrier's high-value division. Jim Wilson, executive vice president of United Van Lines, says his company has been moving computers for so long that he doesn't even view it as diversification anymore.

Indeed, the rapidly changing computer market has already matured. Richard H. Gorbett, vice president of marketing and sales development for Atlas Van Lines' specialized transportation unit, notes that the business is eroding because equipment is getting smaller. "The computer that once took up half a van can now fit in your glove compartment," he says.

Van lines have always been the ideal movers of sensitive computer equipment because of their reputation for special care. Typically, they will be equipped with padded vans, lift gates and air-ride suspension. The drivers are skilled in carrying the most delicate items. Years of experience in moving the family china and glassware has paid off at the corporate customer level.

Their reputation for quality makes van lines the ideal movers of other high-tech equipment such as office copiers and demonstration products destined for trade shows. Van line executives consider these to be some of

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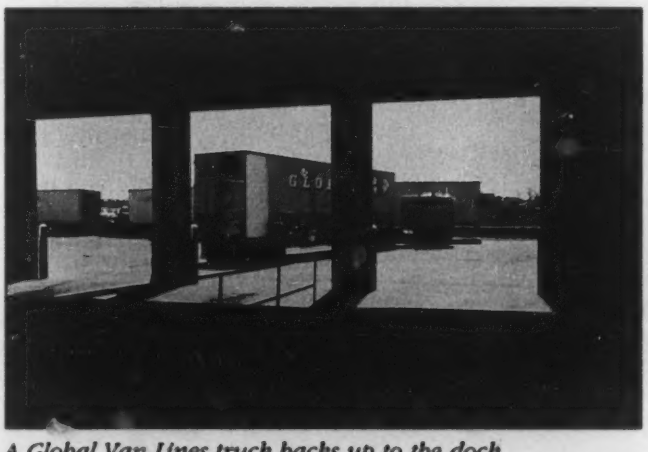

A Global Van Lines truck backs up to the dock
Finding new ways to grow as HHG market matures.

Loading a United Van Lines truck with the household goods
Customers are moving not just across the country, but across the sea.

the hottest growth areas.

United is coping with the incredible shrinking computer by offering guaranteed seven-day service to anywhere in the country. The carrier improves utilization through a "cross-docking" operation, where shipments are reloaded for delivery to central locations.

Atlas is pursuing new high-tech business, such as medical equipment and industrial robots, according to Gorbett. The company is carving still another niche in the climate-controlled movement of art objects for museums and galleries.

Technology can help to differentiate a carrier. Last year Bekins Van Lines introduced scanning and tracking capability for its electronic freight. The system monitors shipments at designated points in transit, as well as during transfer and delivery, according to Marketing Manager Sandy Carbon.

Like United, Allied Van Lines is stressing speed. Its Express One service, for time-sensitive items, started five years ago. Shipments move through DCs run by 106 of Allied's 800 agents, according to a strict published schedule. Transit times range from two to seven days.

The emphasis on scheduling attracts new products to padded vans, according to Allied's Bob Stephan, vice president of marketing. The mix can range from electric motors to expensive tool boxes—anything that demands careful handling and service predictability. "It's not just computers anymore," he says.

The mix can range from electric motors to expensive tool boxes..."It's not just computers anymore," says Stephan.

Allied's special products division also focuses on exhibits and trade show business. Stephan says manufacturers increasingly are relying on trade shows because of the ability to make face-to-face contact with volume buyers. The time factor is important because a surprisingly large number of customers leave their show arrangements to the last minute, and then want rapid transit of the highest possible quality.

North American Van Lines, the industry leader in both household goods and specialized products, restricts the role of agents to that of a sales channel when it comes to hauling high-value freight. Meyers says the strategy gives the van line greater control over its moves. The company did about $173 million in revenues on the high-value side last year, out of total corporate sales of $844 million.

International moves are the latest target of Paul Arpin Van Lines. Executive Vice President Peter Arpin projects that sector to grow from $6 million to $30 million in revenues over the next few years.

Arpin has reshaped its international department and is busy making the crucial contacts with overseas agents. On the ocean transportation side it acts as the forwarder, booking vessels and combining all types of commodities in a single container. The trick, says Peter Arpin, is to be able to reciprocate by drumming up business for your foreign agent.

Others agree that international is one of the brightest spots in the business. United's revenues from foreign moves grew from $20 million in 1987 to $43 million last year. Allied has a separate global forwarding unit, Allied Van Lines International Corp. It expects to get a lot of help overseas from its British-based parent, National Freight Consortium.

The premium haulers are also squaring off against common carriers, at least on the high-value end. United has made a big push into the special commodities business, consisting of new furniture, fixtures, waterbeds, steel case cabinets and anything else that must not suffer a single scratch in transit. Launched in the early 1980s, the division now does $25 million of business a year.

continued

Write in 56 on Reader Service Card

"We feel very good about the future of the general commodity business," says Wilson. United feels so good about it that the company is expanding from pure truckload into LTL this year. Wilson expects to generate about $4 million on the LTL side in 1989. The program is aided by a trailer pool supplied by United's network of 550 domestic agents.

Once the nation's largest irregular route truckload hauler, North American Van Lines now concentrates its commercial business on specific lanes and products that yield the highest profit margins, according to Tom Cole, vice president-sales for the commercial transport division.

Despite diversification, household goods continue to provide the majority of most van lines' business. Household goods constitute the carriers' first proviso authority. The second proviso is office and plant relocations, and the third proviso consists of electronics, exhibits and other special services. The secret to success in household goods, according to United's Wilson, is a network of top-flight agents.

"The local mover is the name of the game," he says. That's why so many van lines bend over backwards to make their agents happy. In the case of United, the company takes a

continued

HOUSEHOLD GOODS CARRIERS' 1987 RESULTS

Tonnage and Revenue by Proviso*

Carrier	First Proviso		Second Proviso		Third Proviso		Total All Provisos	
	Revenue	Tonnage	Revenue	Tonnage	Revenue	Tonnage	Revenue	Tonnage
Allied Van Lines	$ 309,390	524,864	$ 6,479	10,912	$ 45,081	87,252	$ 360,950	623,028
American Red Ball	$ 25,294	34,516	$ 383	730	$ 746	1,470	$ 26,423	36,716
Atlas Van Lines	$ 147,806	234,823	–	–	$ 26,199	52,818	$ 174,005	287,641
Barrieau Express	$ 4,431	7,100	–	–	$ 656	1,050	$ 5,087	8,150
Bekins Van Lines	$ 138,538	228,079	$ 694	1,196	$ 60,631	139,344	$ 199,863	368,619
Burnham Serv. Corp.	$ 18,360	43,221	–	–	$ 58,460	137,619	$ 76,820	180,840
Cartwright Van Lines	$ 14,856	19,735	–	–	–	–	$ 14,856	19,735
Clark & Reid	$ 5,114	7,654	$ 4	3	–	–	$ 5,118	7,657
Fogarty Van Lines	$ 5,648	12,429	–	–	–	–	$ 5,648	12,429
Global Van Lines	$ 42,995	84,000	–	–	$ 8,539	5,000	$ 51,534	89,000
Graebel Van Lines	$ 39,954	73,534	$ 163	289	$ 829	2,372	$ 40,946	76,195
Interstate Van Lines	$ 12,540	23,732	–	–	–	–	$ 12,540	23,732
Mayflower Transit	$ 208,407	408,653	$ 4,137	2,292	$ 61,017	90,198	$ 273,561	501,143
National Van Lines	$ 13,682	32,640	$ 1,726	4,125	$ 84	250	$ 15,492	37,015
North American	$ 285,114	502,969	$ 9,982	17,609	$140,877	248,521	$ 435,973	769,099
Pan American	$ 8,238	41,899	$ 20	12	$ 2,983	4,753	$ 11,241	46,664
Paul Arpin Van Lines	$ 32,107	49,878	–	–	–	–	$ 32,107	49,878
Security Van Lines	$ 5,279	7,342	–	–	–	–	$ 5,279	7,342
Sherwood Van Lines	$ 6,706	18,779	–	–	–	–	$ 6,706	18,779
United Van Lines	$ 325,799	621,008	–	–	$ 64,063	116,824	$ 389,862	737,832
Wheaton Van Lines	$ 40,623	65,827	$ 1,049	1,868	$ 102	153	$ 41,774	67,848
Total-1987	$1,690,881	3,042,682	$ 24,637	39,036	$470,267	887,624	$2,185,785	3,969,342
Percentages	77.36%	76.65%	1.13%	0.98%	21.51%	22.36%	100.00%	100.00%
Total-1986	$1,615,689	2,550,008	$ 22,738	38,396	$437,681	860,484	$2,076,108	3,448,888
Percentages	77.82%	73.94%	1.10%	1.11%	21.08%	24.95%	100.000%	100.00%
Total-1985	$1,581,462	2,683,534	$ 23,771	31,226	$450,526	921,577	$2,055,759	3,636,337
Percentages	76.93%	73.80%	1.16	0.86%	21.92%	25.34%	100.00%	100.00%

Source: Household Goods Carriers' Bureau Notes: All Revenue Figures in Thousands

***While the van lines continue to diversify into general freight carriage and other areas, household goods continue to provide their bread and butter. Household goods constitute the carriers' first proviso authority. The second proviso is office and plant relocations, and the third proviso consists of electronics, exhibits and various other special services. Most van line operators have already plunged into this third proviso area, but some have held back, claiming that competition with the for-hire trucking industry will make much of this freight unprofitable. Ironically, many van line operators believe that the key to their profitability lies in avoiding systematic rate discounting—long the bane of LTL truckers' existence.**

One of Bekins' air-ride vans
The key to profitability is to avoid rate-slashing chaos.

lower cut—8 percent—and even allows its agents to haul under their own authority for interstate moves of up to 750 miles.

Allied stays competitive in household goods through seasonal pricing. Stephan says the company didn't take the industry-wide tariff increase, averaging 3.9 percent, in early January. By summer, Allied might adopt the increase, and then lower its rates when demand slackens.

Some of the medium-sized household goods carriers are limiting their customer base. With $50 million in revenues, Paul Arpin Van Lines concentrates on serving big national accounts such as IBM and AT&T.

At least one industry executive suggests that diversification may be the wrong way to go. Dee Kline, senior vice president of sales and marketing for Global Van Lines, insists that much of the electronics and specialized services being offered today are really money-losing propositions.

"There's a lot of potential," he says, "but only so much business to be divided." Kline claims that van lines have overcommitted themselves by promising fast, coast-to-coast transit of electronic goods. Unfortunately, high-tech products are getting smaller as equipment and insurance costs continue to rise. By the time the expensive haul is done, there's little left over for the agents. The result has been a spate of agency bankruptcies.

The real opportunities for profit remain with the traditional household goods movements, Kline says. Resisting suicidal rate slashing is the key. He says that sales representatives too often negotiate deep discounts which "take money right out of the driver's pocket." Corporate customers are even worse, he adds, with traffic managers bent on getting the cheapest rate possible.

Kline says today's drivers are being asked to supply top quality, on-time service while making less money. To combat the problem, Global is training its sales force to "educate the consumer" about the effects of reckless discounting.

Kline believes that van lines should be measured by their profits, not revenues. And while exhibits, electronics and others do offer possible growth, he says carriers need to exercise ratemaking discipline first if they are to survive.

"There's a lot of opportunity in doing what we've always done," says Kline, "as long as we do it well—and get paid for it." ■

Top Companies in the Van Line Industry

For more information on the following van lines and the services they provide, write in the appropriate number on the Reader Service Card.

Allied Van Lines
Write in #526 on Reader Service Card

American Red Ball Transit Co.
Write in #527 on Reader Service Card

Atlas Van Lines, Inc.
Write in #528 on Reader Service Card

Barrieau Moving & Storage Co.
Write in #529 on Reader Service Card

Bekins Van Lines Company
Write in #530 on Reader Service Card

Burnham Service Corporation
Write in #531 on Reader Service Card

Cartwright Van Lines
Write in #532 on Reader Service Card

Clark & Reid Company
Write in #533 on Reader Service Card

Global Van Lines, Inc.
Write in #534 on Reader Service Card

Graebel Van Lines
Write in #535 on Reader Service Card

Interstate Van Lines, Inc.
Write in #536 on Reader Service Card

Mayflower Transit, Inc.
Write in #537 on Reader Service Card

National Van Lines, Inc.
Write in #538 on Reader Service Card

North American Van Lines, Inc.
Write in #539 on Reader Service Card

Pan American Van Lines, Inc.
Write in #540 on Reader Service Card

Paul Arpin Van Lines
Write in #541 on Reader Service Card

Security Van Lines, Inc.
Write in #542 on Reader Service Card

United Van Lines, Inc.
Write in #543 on Reader Service Card

Wheaton Van Lines, Inc.
Write in #544 on Reader Service Card